

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2807
ANSWERED ON:15.03.2001
INDUSTRY REVIVAL FUND
Y.S. VIVEKANANDA REDDY

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) whether in order to rehabilitate the companies in red, creation of a Sick Industry Revival Fund has been demanded by the trade unions;
- (b) if so, whether these trade unions have also urged the Union Government to take a fresh look at the employment policy in view of liberalisation and globalisation of the economy;
- (c) if so, the reaction of the Government; and
- (d) the time by which a final decision in this regard is likely to be taken by the Government?

Answer

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

(a) to (d): The Department of Company Affairs has not received any such demand from trade unions. Government had constituted on 22.10.1999, a Committee under the chairmanship of Justice Shri V. Balakrishna Eradi, Retd. Judge, Supreme Court of India and experts to examine the existing law relating to sickness, Insolvency related matters and winding up proceedings of companies in order to re-model it in line with the latest developments and innovations in the corporate law and governance and to suggest reforms in the procedure at various stages followed in winding up insolvency proceedings of companies to avoid unnecessary delays in tune with the international practice in this field. This Committee had, inter-alia, recommended that a Fund for revival, rehabilitation, preservation and protection of companies may be created under the supervision and control of the Government. The Fund shall be maintained and operated by an officer authorised in that behalf by the Government. The Committee favoured the contribution of specified percentage of turnover to the Fund than of contribution based on profits. The companies, formed and registered after the establishment of proposed Tribunal, shall contribute annually specified percentage (say 0.1%) of its turnover immediately after commencement of business. The companies already existing shall contribute annually from the financial year immediately succeeding the year in which proposed National Company Law Tribunal is established. On the basis of the recommendation of the Committee and after taking into consideration the views of the Group of Ministers (GOM), the introduction of Bill is at an advance stage.